

(“Merger Sub Inc.”) and Pecos Second Merger Sub LLC (“Merger Sub LLC”) (the “Proposed Transaction”).

2. On June 15, 2023, PTEN and NexTier issued a joint press release announcing an Agreement and Plan of Merger, dated June 14, 2023, to merge PTEN and NexTier (the “Merger Agreement”). Under the terms of the Merger Agreement, NexTier shareholders will receive 0.7520 shares of PTEN common stock for each share of NexTier common stock owned (the “Merger Consideration”). Upon closing of the transaction, PTEN shareholders will own approximately 55% and NexTier shareholders will own approximately 45% of the combined company on a fully diluted basis. The Proposed Transaction is valued at approximately \$5.4 billion.

3. On July 31, 2023, PTEN filed a Form 424B3 Prospectus (the “Prospectus”) with the SEC. The Prospectus, which recommends that PTEN stockholders vote in favor of the stock issuance in connection with the Proposed Transaction, omits or misrepresents material information concerning, among other things: (i) PTEN management’s financial projections for PTEN, NexTier, and PTEN after giving effect to the mergers; and (ii) the data and inputs underlying the financial valuation analyses that support the fairness opinion provided by Goldman Sachs & Co. LLC (“Goldman Sachs”). The failure to adequately disclose such material information constitutes a violation of Sections 14(a) and 20(a) of the Exchange Act as PTEN stockholders need such information to make a fully informed decision whether to vote in favor of the stock issuance in connection with the Proposed Transaction or seek appraisal.

4. In short, unless remedied, PTEN’s public stockholders will be forced to make a voting decision on the stock issuance in connection with the Proposed Transaction without full disclosure of all material information concerning the Proposed Transaction being provided to

them. Plaintiff seeks to enjoin the stockholder vote on the stock issuance in connection with the Proposed Transaction unless and until such Exchange Act violations are cured.

JURISDICTION AND VENUE

5. This Court has jurisdiction over the claims asserted herein for violations of Sections 14(a) and 20(a) of the Exchange Act and SEC Rule 14a-9 promulgated thereunder pursuant to Section 27 of the Exchange Act, 15 U.S.C. § 78aa, and 28 U.S.C. § 1331 (federal question jurisdiction).

6. This Court has jurisdiction over the defendants because each defendant is either a corporation that conducts business in and maintains operations within this District, or is an individual with sufficient minimum contacts with this District to make the exercise of jurisdiction by this Court permissible under traditional notions of fair play and substantial justice.

7. Venue is proper in this District pursuant to 28 U.S.C. § 1391 because defendants are found or are inhabitants or transact business in this District. Moreover, PTEN's common stock trades on The Nasdaq Global Select Market, which is headquartered in this District, rendering venue in this District appropriate.

THE PARTIES

8. Plaintiff is, and has been at all times relevant hereto, a continuous stockholder of PTEN.

9. Defendant PTEN is a Delaware corporation, with its principal executive offices located at 10713 W. Sam Houston Pkwy N., Suite 800, Houston, Texas 77064. Through its subsidiaries, PTEN provides contract drilling services to oil and natural gas operators in the United States and internationally. PTEN's shares trade on The Nasdaq Global Select Market under the ticker symbol "PTEN."

10. Defendant Curtis W. Huff (“Huff”) has been Chairman of the Board since June 2020, and a director of the Company since May 2001.

11. Defendant William A. Hendricks, Jr. (“Hendricks”) has been President and Chief Executive Officer (“CEO”) of the Company since October 2012, and a director since June 2017.

12. Defendant Tiffany Thom Cepak (“Cepak”) has been a director of the Company since August 2014.

13. Defendant Michael W. Conlon (“Conlon”) has been a director of the Company since September 2012.

14. Defendant Terry H. Hunt (“Hunt”) has been a director of the Company since April 2003.

15. Defendant Cesar Jaime (“Jaime”) has been a director of the Company since April 2022.

16. Defendant Janeen S. Judah (“Judah”) has been a director of the Company since April 2018.

17. Defendant Julie J. Robertson (“Robertson”) has been a director of the Company since April 2022.

18. Defendants identified in paragraphs 10-17 are referred to herein as the “Board” or the “Individual Defendants.”

OTHER RELEVANT ENTITIES

19. NexTier is a predominately U.S. land focused oilfield service company, with a diverse set of well completion and production services across a variety of active and demanding basins. NexTier operates in two segments: Completion Services, and Well Construction and Intervention Services.

20. Merger Sub Inc. is a Delaware corporation and a direct wholly owned subsidiary of PTEN.

21. Merger Sub LLC is a Delaware limited liability company and a direct wholly owned subsidiary of PTEN.

SUBSTANTIVE ALLEGATIONS

Background of the Company

22. PTEN is an oilfield services company that primarily owns and operates in the United States one of the largest fleets of land-based drilling rigs and a large fleet of pressure pumping equipment. The Company's contract drilling business operates in the continental United States and internationally in Colombia and, from time to time, PTEN pursues contract drilling opportunities in other select markets. As of December 31, 2022, PTEN had a drilling fleet that consisted of 184 marketed land-based drilling rigs in the United States and eight in Colombia. A drilling rig includes the structure, power source and machinery necessary to cause a drill bit to penetrate the earth to a depth desired by the customer. The Company also has a substantial inventory of drill pipe and drilling rig components that support our contract drilling operations.

23. The Company provides pressure pumping services to oil and natural gas operators primarily in Texas and the Appalachian region. Substantially all the revenue in the pressure pumping segment is from well stimulation services (such as hydraulic fracturing) for completion of new wells and remedial work on existing wells. Well stimulation involves processes inside a well designed to enhance the flow of oil, natural gas, or other desired substances from the well. As of December 31, 2022, PTEN had approximately 1.2 million fracturing horsepower to provide these services. The Company also provides cementing services through the pressure pumping segment. Cementing is the process of inserting material between the wall of the well bore and the

casing to support and stabilize the casing. PTEN's pressure pumping operations are supported by a fleet of other equipment, including blenders, tractors, manifold trailers, and numerous trailers for transportation of materials to and from the worksite as well as bins for storage of materials at the worksite.

24. On April 26, 2023, the Company announced its first quarter 2023 financial results and business developments. Revenues for the first quarter of 2023 were \$792 million, compared to \$788 million for the fourth quarter of 2022 and \$509 million for the first quarter of 2022. The Company declared a quarterly dividend on its common stock of \$0.08 per share, payable on June 15, 2023, to holders of record as of June 1, 2023. Reflecting on the Company's results and looking towards the future, defendant Hendricks stated:

Our solid first quarter results showcase our strong position within the current market environment, and we are well positioned to generate substantial free cash flow in 2023. During the first quarter, we generated \$234 million of net cash provided by operating activities, which after capital expenditures resulted in \$117 million of free cash flow. During the quarter, we continued to return capital to our shareholders and strengthen our balance sheet, as we repurchased 5.6 million shares of our common stock for \$73.6 million and repurchased \$9.0 million of long-term indebtedness for \$7.8 million. These actions reflect the confidence in our business and cash flows, and our Board has approved an increase in our share repurchase authorization to \$300 million.

We continue to demonstrate Patterson-UTI's long-standing commitment to shareholders with capital discipline through both our capital spending and our contracting strategies. Our capital expenditures are primarily related to maintenance, with any significant growth capex supported by term contracts. In our contracting strategy, we prioritize cash flow and margin over market share. With the recent slowdown in market activity, we have lowered our 2023 capital expenditure forecast from \$550 million to \$510 million, including \$30 million of customer-funded rig upgrades.

With an average rig count of 131 rigs in the United States during the first quarter, we maintained high utilization of our Tier-1, super-spec rigs. We currently expect our average rig count to be down two to three rigs in the second quarter as activity transitions more to oil from natural gas. This expectation is reflective of the high-grade nature of our Tier-1, super-spec rig fleet and our strong partnerships with a diverse and well-funded customer base.

Contract drilling revenues and margin improved in the first quarter, bolstered by the renewal of drilling rig contracts at current rates. In the United States, our average rig revenue per day increased \$2,930 to \$34,760 compared to the previous quarter. Average rig operating cost per day increased \$490 from the previous quarter to \$18,880. As a result, average adjusted rig margin per day in the United States reached \$15,880, reflecting a \$2,430 increase from the previous quarter. These results demonstrate our success in increasing our dayrates upon contract renewal by delivering exceptional value to our customers.

As of March 31, 2023, we had term contracts for drilling rigs in the United States providing for future dayrate drilling revenue of approximately \$890 million, up from \$830 million at December 31, 2022. Based on contracts currently in place in the United States, we expect an average of 79 rigs operating under term contracts during the second quarter of 2023 and an average of 53 rigs operating under term contracts during the four quarters ending March 31, 2024.

In pressure pumping, despite weather disruptions and an increase in whitespace in the calendar, the strong execution by our pressure pumping team allowed us to meet both our revenue and margin expectations. First quarter pressure pumping revenues were \$293 million, with an adjusted gross margin of \$73.2 million.

For the second quarter, we expect whitespace to continue for our spreads in the spot market, which is expected to modestly impact revenue and adjusted gross margin. We currently plan to operate 12 spreads through 2023 and no longer plan to reactivate a 13th spread this year.

In our directional drilling segment, we experienced a decline in revenue and margin during the first quarter of 2023 due primarily to reduced activity levels. Directional drilling revenues for the first quarter totaled \$56.3 million compared to \$59.5 million in the fourth quarter of 2022, and adjusted gross margin was \$8.2 million, compared to \$11.2 million in the previous quarter.

As a leading provider of Tier-1, super-spec rigs we can capitalize on this position while leveraging our technology offerings to help customers improve their well economics through increased efficiency. Given our term contract portfolio, we will continue to benefit from the renewal of drilling rig contracts at current dayrates.

With our substantial free cash flow, we will continue to return cash to shareholders, and we continue to target a return of 50% of free cash flow to shareholders through a combination of dividends and share buybacks.

The Proposed Transaction

25. On June 15, 2023, PTEN and NexTier issued a joint press release announcing the Proposed Transaction, which states, in relevant part:

HOUSTON, June 15, 2023 /PRNewswire/ -- Patterson-UTI Energy, Inc. (NASDAQ: PTEN) ("Patterson-UTI") and NexTier Oilfield Solutions Inc. (NYSE: NEX) ("NexTier") today announced that they have entered into a definitive merger agreement to combine in an all-stock merger of equals transaction. The combined company, with an enterprise value of approximately \$5.4 billion, will be an industry leading drilling and completions services provider with operations in the most active major U.S. basins, and strong free cash flow to accelerate the return of capital to shareholders.

Under the terms of the agreement, which has been unanimously approved by the boards of directors of both companies, NexTier shareholders will receive 0.7520 shares of Patterson-UTI common stock for each share of NexTier common stock owned. Upon closing of the transaction, Patterson-UTI shareholders will own approximately 55% and NexTier shareholders will own approximately 45% of the combined company on a fully diluted basis. The merger is expected to be tax-free to shareholders of both companies.

Andy Hendricks, Chief Executive Officer of Patterson-UTI, commented, "This merger unites two top-tier and technology-driven drilling and well completions businesses, creating a leading platform at the forefront of innovation. As one company, we will have a significantly expanded, comprehensive portfolio of oilfield services offerings across the most active producing basins in the United States, along with operations in Latin America. With our combined strong balance sheet, ample liquidity and greater free cash flow, we will be well positioned to continue to invest in technology, innovation and people, while delivering strong cash returns to shareholders."

Mr. Hendricks continued, "NexTier shares our culture of safety, deep customer relationships and operational and financial outperformance. Together, we will better serve our employees, shareholders, customers, suppliers and the communities in which we operate. We look forward to working with the NexTier team to successfully bring our two companies together."

Robert Drummond, President and Chief Executive Officer of NexTier, said, "Our agreement to merge with Patterson-UTI brings together two complementary organizations to create a premier North American drilling and completions company. We believe offering a comprehensive suite of solutions on one integrated platform will position the combined company as the partner of choice for a greater number of customers across geographies and throughout the full well life cycle. We're confident that together, we will be able to drive efficiencies across the portfolio and unlock more value for shareholders and customers than either organization could achieve on its own."

Mr. Drummond added, “NexTier and Patterson-UTI each have proven track records of integrating businesses, and we’re confident that combining through a merger of equals will enable us to leverage the strengths of both highly talented workforces and create exciting career opportunities for employees as we become a larger, more diversified platform.”

Compelling Strategic and Financial Benefits

- **Leading Drilling and Well Completions Businesses:** The combined company will have a best-in-class operational and technology portfolio, along with data analytics to maximize well performance. Specifically, the merger will create:
 - **Leading U.S. Contract Drilling business with 172 super-spec drilling rigs and Directional Drilling business.**
 - **Leading U.S. Well Completions business with deployed capacity of 45 active spreads and 3.3 million hydraulic fracturing horsepower, with nearly two-thirds of deployed fleets being dual fuel capable. NexTier’s integrated approach will provide additional market capacity of Power Solutions, wireline, last mile logistics, proppant handling and cementing services.**
- **Strong Revenue and Cash Generation:** On an annualized combined basis as of the first quarter of 2023, the combined company generated approximately \$6.9 billion of revenue, \$1.9 billion in adjusted EBITDA and improved free cash flow generation. The combined company will be an attractive investment opportunity with greater size and scale facilitating increase share float and liquidity.
- **Accretive to Earnings per Share and Free Cash Flow per Share:** The transaction is expected to be accretive to earnings per share and free cash flow per share in 2024.
- **Strong Financial Position and Balance Sheet:** The combined company would have Net Debt to combined trailing twelve month Adjusted EBITDA of 0.5x as of March 31, 2023. With increased scale and a strong balance sheet, the transaction is expected to lower cost of capital and enable the combined company to continue to selectively invest in value accretive opportunities.

- **Well Positioned to Return Capital to Shareholders:** The combined company intends to target high free cash flow conversion, remain good stewards of capital and continue the practices of both companies of distributing at least 50% of free cash flow to shareholders. As shareholders of the combined company, NexTier shareholders will benefit from Patterson-UTI's dividend and the combined company will continue to return capital through dividends and share repurchases.
- **Delivers Significant Cost Saving and Operational Synergy Opportunity:** The transaction is expected to create significant efficiencies for the combined company's well completions operations. The combined company expects to realize annual cost savings and operational synergies of approximately \$200 million within 18 months following close through operations integration, supply chain management and reductions in sales, general and administrative expenses. One-time costs expected to be incurred to achieve the synergies are approximately \$80 million.
- **Significant Value Creation Potential through the Expansion of Wellsite Integration Strategies:** The combined company's wellsite integration strategy is expected to create additional value through efficiency gains and cost reductions. This strategy can create as much as \$7 million in adjusted EBITDA improvements and CapEx reduction annually on fully integrated completions fleets with a larger frac footprint.
- **Shared Commitment to Sustainably Focused Operations:** The combined company will have a sustainability leadership position in lowering carbon emissions at the wellsite, with over 50% of the drilling and completions fleet capable of being powered by natural gas.

Leadership, Governance and Headquarters

The combined company will be led by a proven management team that reflects the strengths and capabilities of both organizations. Upon close, Andy Hendricks, President and Chief Executive Officer of Patterson-UTI, will serve as President and Chief Executive Officer of the combined company and Robert Drummond, President and Chief Executive Officer of NexTier, will become Vice Chair of the combined company's Board. Curtis Huff, Patterson-UTI's current Chair of the Board, will serve as Chair of the combined company's Board. Following close, the combined company's Board will comprise 11 directors, six of whom will be from the Patterson-UTI Board, including Mr. Hendricks, and five of whom will be from the NexTier Board.

The combined company will operate under the name Patterson-UTI Energy, Inc. and trade under the ticker symbol PTEN. The Well Completions business will operate under the NexTier Completions brand. The combined company's corporate headquarters will remain in Houston, Texas.

Approvals and Closing

The merger is expected to close in the fourth quarter of 2023, following Patterson-UTI and NexTier shareholder approval, regulatory approvals and satisfaction of other customary closing conditions.

Advisors

Goldman Sachs & Co. LLC is serving as financial advisor and Gibson, Dunn & Crutcher LLP is serving as legal advisor to Patterson-UTI.

Moelis & Company LLC is serving as financial advisor and Kirkland & Ellis LLP is serving as legal advisor to NexTier.

The Prospectus Contains Material Misstatements and Omissions

26. Specifically, as set forth below, the Prospectus fails to provide Company stockholders with material information or provides them with materially misleading information concerning: (i) PTEN management's financial projections for PTEN, NexTier, and PTEN after giving effect to the mergers; and (ii) the data and inputs underlying the financial valuation analyses that support the fairness opinion provided by Goldman Sachs.

PTEN Management's Financial Projections For PTEN, NexTier, and PTEN After Giving Effect to the Mergers

27. The Prospectus omits material information regarding PTEN management's financial projections for PTEN, NexTier, and PTEN after giving effect to the mergers.

28. For example, with respect to PTEN management's financial projections for PTEN, NexTier, and PTEN after giving effect to the mergers, the Prospectus fails to disclose the line items underlying adjusted EBITDA, cash flow from operations, and free cash flow.

29. The omission of this information renders the statements in the “Certain Patterson-UTI Unaudited Prospective Financial Information” section of the Prospectus false and/or materially misleading in contravention of the Exchange Act.

Material Omissions Concerning Goldman Sachs’ Financial Analyses

30. The Prospectus also describes Goldman Sachs’ fairness opinion and the various valuation analyses performed in support of its opinion. However, the description of Goldman Sachs’ fairness opinion and analyses fails to include key inputs and assumptions underlying these analyses. Without this information, as described below, PTEN’s public stockholders are unable to fully understand these analyses and, thus, are unable to determine what weight, if any, to place on Goldman Sachs’ fairness opinion in determining whether to vote in favor of the stock issuance in connection with the Proposed Transaction. This omitted information, if disclosed, would significantly alter the total mix of information available to PTEN’s stockholders.

31. With respect to Goldman Sachs’ *Illustrative Discounted Cash Flow Analysis* of PTEN, the Prospectus fails to disclose: (i) quantification of the inputs and assumptions underlying the discount rates ranging from 10.0% to 12.0%; (ii) quantification of the estimates of unlevered free cash flow for PTEN for the period beginning April 1, 2023, through December 31, 2027; (iii) quantification of the terminal year estimate of the EBITDA to be generated by PTEN; and (iv) the implied perpetuity growth rates resulting from the analysis.

32. With respect to Goldman Sachs’ *Illustrative Discounted Cash Flow Analysis* of NexTier, the Prospectus fails to disclose: (i) quantification of the inputs and assumptions underlying the discount rates ranging from 10.5% to 12.5%; (ii) quantification of the estimates of unlevered free cash flow for NexTier for the period beginning April 1, 2023, through

December 31, 2027; (iii) quantification of the terminal year estimate of the EBITDA to be generated by NexTier; and (iv) the implied perpetuity growth rates resulting from the analysis.

33. With respect to Goldman Sachs' *Illustrative Discounted Cash Flow Analysis* of the pro forma combined company, the Prospectus fails to disclose: (i) quantification of the inputs and assumptions underlying the discount rates ranging from 10.25% to 12.25%; (ii) quantification of the estimates of unlevered free cash flow for the pro forma combined company for the period beginning April 1, 2023, through December 31, 2027; (iii) quantification of the terminal year estimate of the EBITDA to be generated by the pro forma combined company; and (iv) the implied perpetuity growth rates resulting from the analysis.

34. The omission of this information renders the statements in the "Opinion of Patterson-UTI's Financial Advisor" section of the Prospectus false and/or materially misleading in contravention of the Exchange Act.

35. The Individual Defendants were aware of their duty to disclose the above-referenced omitted information and acted negligently (if not deliberately) in failing to include this information in the Prospectus. Absent disclosure of the foregoing material information prior to the stockholder vote on the stock issuance in connection with the Proposed Transaction, Plaintiff, and the other stockholders of PTEN will be unable to make a sufficiently informed voting decision and are thus threatened with irreparable harm warranting the injunctive relief sought herein.

CLAIMS FOR RELIEF

COUNT I

Claims Against All Defendants for Violations of Section 14(a) of the Exchange Act and Rule 14a-9 Promulgated Thereunder

36. Plaintiff repeats all previous allegations as if set forth in full.

37. During the relevant period, defendants disseminated the false and misleading Prospectus specified above, which failed to disclose material facts necessary to make the statements, considering the circumstances under which they were made, not misleading in violation of Section 14(a) of the Exchange Act and SEC Rule 14a-9 promulgated thereunder.

38. By virtue of their positions within the Company, the defendants were aware of this information and of their duty to disclose this information in the Prospectus. The Prospectus was prepared, reviewed, and/or disseminated by the defendants. It misrepresents and/or omits material facts, including material information about (i) PTEN management's financial projections for PTEN, NexTier, and PTEN after giving effect to the mergers; and (ii) the data and inputs underlying the financial valuation analyses that support the fairness opinion provided by Goldman Sachs. The defendants were at least negligent in filing the Prospectus with these materially false and misleading statements.

39. The omissions and false and misleading statements in the Prospectus are material in that a reasonable stockholder would consider them important in deciding how to vote on the stock issuance in connection with the Proposed Transaction.

40. By reason of the foregoing, the defendants have violated Section 14(a) of the Exchange Act and SEC Rule 14a-9(a) promulgated thereunder.

41. Because of the false and misleading statements in the Prospectus, Plaintiff is threatened with irreparable harm, rendering money damages inadequate. Therefore, injunctive relief is appropriate to ensure defendants' misconduct is corrected.

COUNT II

Claims Against the Individual Defendants for Violations of Section 20(a) of the Exchange Act

42. Plaintiff repeats all previous allegations as if set forth in full.

43. The Individual Defendants acted as controlling persons of PTEN within the meaning of Section 20(a) of the Exchange Act as alleged herein. By virtue of their positions as officers and/or directors of PTEN, and participation in and/or awareness of the Company's operations and/or intimate knowledge of the false statements contained in the Prospectus filed with the SEC, they had the power to influence and control and did influence and control, directly or indirectly, the decision-making of the Company, including the content and dissemination of the various statements which Plaintiff contends are false and misleading.

44. Each of the Individual Defendants was provided with or had unlimited access to copies of the Prospectus and other statements alleged by Plaintiff to be misleading prior to and/or shortly after these statements were issued and had the ability to prevent the issuance of the statements or cause the statements to be corrected.

45. Each of the Individual Defendants had direct and supervisory involvement in the day-to-day operations of the Company, and, therefore, is presumed to have had the power to control or influence the particular transactions giving rise to the securities violations as alleged herein, and exercised the same. The Prospectus at issue contains the unanimous recommendation of each of the Individual Defendants to approve the Proposed Transaction. They were, thus, directly involved in the making of the Prospectus.

46. In addition, as the Prospectus sets forth at length, and as described herein, the Individual Defendants were each involved in negotiating, reviewing, and approving the Proposed Transaction. The Prospectus purports to describe the various issues and information that they reviewed and considered—descriptions the Company directors had input into.

47. By virtue of the foregoing, the Individual Defendants have violated Section 20(a) of the Exchange Act.

48. As set forth above, the Individual Defendants had the ability to exercise control over and did control a person or persons who have each violated Section 14(a) and SEC Rule 14a-9, promulgated thereunder, by their acts and omissions as alleged herein. By virtue of their positions as controlling persons, these defendants are liable pursuant to Section 20(a) of the Exchange Act. As a direct and proximate result of defendants' conduct, PTEN stockholders will be irreparably harmed.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff demands judgment and preliminary and permanent relief, including injunctive relief, in his favor on behalf of PTEN, and against defendants, as follows:

A. Preliminarily and permanently enjoining defendants and all persons acting in concert with them from proceeding with, consummating, or closing the Proposed Transaction and any vote on the stock issuance in connection with the Proposed Transaction, unless and until defendants disclose and disseminate the material information identified above to PTEN stockholders;

B. In the event defendants consummate the Proposed Transaction, rescinding it and setting it aside or awarding rescissory damages to Plaintiff;

C. Declaring that defendants violated Sections 14(a) and/or 20(a) of the Exchange Act, as well as SEC Rule 14a-9 promulgated thereunder;

D. Awarding Plaintiff the costs of this action, including reasonable allowance for Plaintiff's attorneys' and experts' fees; and


E. Granting such other and further relief as this Court may deem just and proper.

JURY DEMAND

Plaintiff demands a trial by jury.

Dated: August 2, 2023

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